

**PROPERTY ASSESSMENT APPEAL BOARD**  
**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

PAAB Docket No. 2020-101-00284C

Parcel No. 190427601300000

**Tauke Properties, LLC,**

Appellant,

vs.

**City of Cedar Rapids Board of Review,**

Appellee.

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**Introduction**

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on May 10, 2021. Kathy Tauke appeared on behalf of Tauke Properties, LLC. Assistant City Attorney Patricia Kropf represented the City of Cedar Rapids Board of Review.

Tauke Properties, LLC (Tauke) owns a commercial property located at 3500 J Street SW, Cedar Rapids, Iowa. Its January 1, 2020, assessment was set at \$473,000, allocated as \$95,300 in land value and \$377,700 in improvement value. (Ex. A).

Tauke petitioned the Board of Review contending the assessment was not equitable as compared with assessments of other like property. Iowa Code § 441.37(1)(a)(1) (2019). The Board of Review denied the petition. (Ex. B).

Tauke then appealed to PAAB re-asserting her claim.

**General Principles of Assessment Law**

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act apply. § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the

appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code R. 701-126.2(2-4). New or additional evidence may be introduced. *Id.* PAAB considers the record as a whole and all of the evidence regardless of who introduced it.

§ 441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009) (citation omitted).

### **Findings of Fact**

The subject property is a 0.826-acre site located in the Southwest quadrant, warehouse/shop map area of Cedar Rapids. It is improved with two buildings built in 1970 and 1975 with a combined gross building area of 8314 square feet. Building One is a steel-framed metal office with 1708 square feet, including 1075 square feet of office mezzanine and 16-to-18-foot walls. It has two additions: a 36-square-foot office, and a 4320-square-foot steel-framed metal shop with open office and storage mezzanines. The shop area has a crane-way and a 14-foot overhead door. Building One is listed in normal condition with a 4+05 grade (average quality). It receives 40% physical depreciation and 10% functional obsolescence in its assessment.

Building Two is a 2250-square-foot steel-framed metal warehouse with 16-foot walls and an overhead door. Building Two is listed in normal condition with a 4+00 grade (average quality). It receives 40% physical depreciation in its assessment.

The site is also improved with 7500 square feet of concrete paving and fencing. The property is currently leased to Septagon, but the lease expires in November 2022. (Ex. A).

Kathy Tauke is the managing member of Tauke Properties LLC, which was created by her father's family estate trust and her mother's living trust. The LLC also owns approximately five other commercial properties in Linn County, a family farm

property, and a residence. Although she was a lay witness and acknowledged limited real property knowledge, we find she was a well-educated and credible witness.

Tauke's evidence explains that the subject property's office space is dated in a 1970s-1990s style, which makes it more difficult to sell/rent. Further, she noted in her 2017 protest the property cannot compete with brand new properties that are receiving tax exemptions. (Ex. 1).

Tauke testified she protested the subject's 2017 assessment and received a \$70,000 reduction from the Board of Review. (Ex. 1). The record does not contain the basis for the change in the 2017 assessment, other than the Notice to Property Owner stating sufficient evidence was "submitted to indicate an adjustment is required to maintain equity with comparable properties". (Ex 1).

Tauke stated the subject's 2019 assessment did not change from 2017. For the 2020 assessment, she explains she understands that the 2017 adjustment "rolled off" due to a warehouse property revaluation. She asserts there is not a good explanation for why other warehouses decreased in value for 2020, while the subject increased 10.85%. She noted the land value did not change, only the improvement value. We note the 2020 assessed value of the subject increased by \$46,300, which does not reflect the total previous reduction in 2017.

Tauke submitted fifteen comparable properties on her 2020 petition which she believes demonstrates the subject property is inequitably assessed. (Exs. 3, C, D & G). Eleven of the properties are adjacent properties (Comparables 1-11) and four are down the street from the subject (Comparables 12-15). (Exs. 4 & 5). Nine are warehouse properties like the subject. She examined the percentage change in the assessments because she feels it is a simple way for a layperson to determine if there are outliers.

Tauke contends that since the subject property is the only property in the area that had an assessment increase from the prior assessment, the assessment is not equitable. She analyzed both total assessments and the assessed value of the improvements only. We will focus on the total assessments. The following table is a summary of the properties.

Comparable Properties	Gross Building Area (GBA)	Building Style	2019 Assessed Value	2020 Assessed Value	% of Change Year-Over-Year	Total Assessment per SqFt GBA
Subject	8314	Metal/Steel	\$426,700	\$473,000	10.85	\$56.89
1 – 200 Prospect Pl	18,168	Conc/metal/steel	\$725,000	\$695,800	-4.03	\$38.30
2 – 222 Prospect Pl	7700	Conc/Steel	\$253,600	\$253,600	0.0	\$32.94
3 -- 240 Prospect Pl	4483	Metal/Wood	\$487,900	\$487,900	0.0	\$108.83
4 – 260 Prospect Pl	6,000	Cblk/Steel	\$393,400	\$349,300	-11.21	\$58.22
5 – 280 Prospect Pl	5400	Metal/Steel	\$223,100	\$223,100	0.0	\$41.31
6 – 235 Prospect Pl	36,320	Metal /Steel	\$1,109,300	\$1,016,400	-8.37	\$27.98
7 – 3421 J St	NA	NA	\$546,200	\$546,200	0.0	NA
8 – 3509 J St	6000	Metal/Steel	\$272,100	\$253,600	-6.80	\$42.27
9 – 3523 J St	8400	Metal/Steel	\$362,300	\$353,200	-2.51	\$42.05
10- 240 Classic Car Ct	7988	Cblk/Steel	\$462,000	\$462,000	0.0	\$57.84
11- 250 Classic Car Ct	20,905	Cblk/Steel	\$903,500	\$900,900	-0.29	\$43.09
12 – 4540 J St	6396	Metal/Pole	\$342,000	\$311,900	-8.80	\$48.76
13 – 4650 J St	14,000	Metal/Steel	\$960,300	\$887,700	-7.56	\$63.41
14 – 4700 J St	28,800	Metal/Steel	\$1,474,500	\$1,368,600	-7.18	\$47.52
15 – 4850 J St	27,250	Metal/Steel	\$1,200,100	\$1,118,000	-6.84	\$41.03

Tauke did not know if any of these properties have recently sold. Moreover, she did not provide an opinion of actual value of the subject property as of January 1, 2020.

Tauke asserts the subject property is assessed higher than these nearby properties and in comparison, the subject's assessment increased at a higher rate. We note, however, that the subject's assessment per square foot of GBA is \$56.89, which falls within the range of the comparables from \$27.98 to 108.83.

Tauke asserts the assessment should be \$394,015 based on the assessed land value of the subject property and a proposed 9.8% reduction in the improvement value, the average reduction of her comparable properties.

The Board of Review acknowledged Tauke's comparable properties are in the Southwest quadrant of Cedar Rapids, but there are distinctions between them accounting for the differences in value. (Exs. E & G). The properties vary in property type or "map area," construction type, occupancy, pricing, and size. Six of the properties are not priced within the warehouse/shop map area, like the subject: Comparables 2, 3, 5, 7, 10 and 11, are priced within the fraternal map area, the small retail map area, the office map area, or the auto repair/sales map area. Six of the properties are

substantially larger than the subject, generally resulting in a lower per square foot price: Comparables 1, 6, 11, 13, 14, and 15. Comparables 1 and 4 are constructed with concrete or concrete block, which requires using a precomputed pricing schedule compared to the subject's component pricing.

Deputy Assessor Andrew Schauf testified warehouse properties were revalued in 2020 to look for any inconsistencies, including consideration of their wall heights, grading, and condition. He also explained the 2017 Board of Review's adjustment of the subject's assessment was removed in the revaluation process.

The Board of Review submitted four comparable properties all located in the Southwest quadrant and all priced within the warehouse/shop map area. (Exs. F, J-M). The following table summarizes these properties.

Comparable Properties	Gross Building Area (GBA)	Building Style	2019 Assessed Value	2020 Assessed Value	% Change Year-Over-Year	Total Assessment per SqFt GBA
Subject	8,314	Metal/Steel	\$426,700	\$473,000	10.85	\$56.89
A -560 Waconia Ct SW	9,165	Metal/Steel	\$753,700	\$676,400	-10.26	\$73.80
B – 1112 29 <sup>th</sup> Ave SW	8,800	Metal/Steel	\$541,100	\$531,500	-1.77	\$60.40
C – 3350 Square D Rd SE	7,200	Metal/Steel	\$468,200	\$436,300	-6.81	\$60.60
D – 2950 6 <sup>th</sup> St SW	7,067	Metal/Steel	\$448,900	\$416,200	-7.28	\$58.89

Schauf testified all metal warehouse properties are assessed using the component prices of the structure found in the IOWA REAL PROPERTY APPRAISAL MANUAL.<sup>1</sup> The property record cards for the Board of Review's comparables indicate none have recently sold. Tauke was critical of the comparables noting several are significantly newer than the subject.

We note the subject property's 2019 assessed value, which had remained unchanged since 2017, was the lowest of all Board of Review comparable properties and amounted to a value per GBA of \$51.32. In contrast the comparables' values per GBA in 2019 were \$82.24, \$61.49, \$65.03, and \$63.52 respectively. This suggests the subject property's 2019 assessment may have been viewed as inequitable compared to

<sup>1</sup> See 2020 IOWA REAL PROPERTY APPRAISAL MANUAL *available at* <https://tax.iowa.gov/iowa-real-property-appraisal-manual>.

other like properties. Even after the 2020 assessment, the subject has the lowest per GBA assessed value among the Board of Review's warehouse comparables.

### **Analysis & Conclusions of Law**

Tauke contends the subject property is inequitably assessed as provided under Iowa Code section 441.37(1)(a)(1). She bears the burden of proof. § 441.21(3).

To prove inequity, a taxpayer may show an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Here, we find Tauke did not demonstrate the Assessor applied an assessing method in a non-uniform manner. All of the warehouse properties constructed of metal over steel were valued using the same methodology set forth in the IOWA REAL PROPERTY APPRAISAL MANUAL.

Alternatively, a taxpayer may show the property is assessed higher proportionately than other like properties using criteria set forth in *Maxwell v. Shivers*, 133 N.W.2d 709, 711 (Iowa 1965). The *Maxwell* test provides inequity exists when, after considering the actual and assessed values of similar properties, the subject property is assessed at a higher proportion of its actual value. *Id.* This is commonly done through an assessment/sales ratio analysis comparing prior year sales (2019) and current year assessments (2020) of the subject property and comparable properties. It is insufficient to simply compare the subject property's assessed value to the assessments of other properties or to compare the rate of change in assessment amongst properties.

Tauke submitted fifteen comparable properties, but none have recently sold and we cannot develop the *Maxwell* ratio analysis for these properties. While several of Tauke's selected comparables are similar to her property in location, many are not similar in "map area" and have different construction types resulting in differing pricing. Additionally, the varying sizes and wall heights of the warehouse properties impact their comparability to the subject.

Further, the *Maxwell* analysis also cannot be completed because a ratio also must be developed for the subject property. The subject property did not recently sell, nor did Tauke offer evidence of its January 1, 2020, market value that is consistent with

section 441.21.<sup>2</sup> Both a ratio for similar properties, as well as the subject property is required in order to determine if the subject property is assessed at a higher proportion of its actual value than other similarly situated properties.

Tauke's concern regarding the subject property's percentage change in assessment compared to similar properties is understandable. However, this analysis, while facially appealing, does not demonstrate inequity under the strictures of Iowa law.

Viewing the record as a whole, we find Tauke failed to prove the subject property's assessed value is inequitable.

### **Order**

PAAB HEREBY AFFIRMS the City of Cedar Rapids Board of Review's action.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (202).

Any application for reconsideration or rehearing shall be filed with PAAB within 30 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

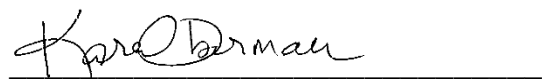
Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A.



Elizabeth Goodman, Board Member



Dennis Loll, Board Member



Karen Oberman, Board Member

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<sup>2</sup> Iowa Code section 441.21 requires that a property's assessed value be determined, first and foremost, by sales of the subject property or comparable properties.

Copies to:

Kathy Tauke by eFile

City of Cedar Rapids Board of Review by eFile